



馬鞍山鋼鐵股份有限公司
Maanshan Iron & Steel Company Limited

(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00323)

30 September 2019

To the Offer Shareholders,

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER BY
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG
SECURITIES LIMITED ON BEHALF OF
BAOSTEEL HONG KONG INVESTMENT COMPANY LIMITED
寶鋼香港投資有限公司
TO ACQUIRE ALL THE ISSUED H SHARES IN
MAANSHAN IRON & STEEL COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
BAOSTEEL HONG KONG INVESTMENT COMPANY LIMITED
寶鋼香港投資有限公司
AND PARTIES ACTING IN CONCERT WITH IT)**

We refer to the Composite Document dated 30 September 2019 jointly issued by Baosteel and the Company, of which this letter forms part. Unless specified otherwise, terms used herein shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned and to make a recommendation as to acceptance of the Offer.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Offer and as to acceptance of the Offer. Your attention is drawn to the “Letter from the Independent Financial Adviser” as set out in the Composite Document containing its advice to us and the principal factors and reasons taken into account by it in arriving at such advice.

We also wish to draw your attention to the “Letter from CICC” and “Letter from the Board” as set out in the Composite Document as well as the additional information set out in the appendices to the Composite Document.

RECOMMENDATION

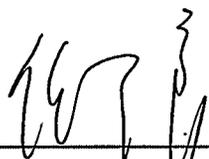
Having considered the terms of the Offer, the information contained in the Composite Document and the principal factors and reasons considered by, and the independent advice of Somerley Capital Limited, as set out in its letter of advice, we consider that the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Offer Shareholders to accept the Offer.

As at the Latest Practicable Date and up to and including the Latest Practicable Date, the H Shares closed at HK\$2.93, representing a slight discount of approximately 1.3% to the Offer Price. Since the publication of the Joint Announcement, the H Shares closed at a price ranging from HK\$2.92 to HK\$3.03 (which is higher than the Offer Price). The Offer Shareholders who are unsure of the future prospects of the Company may consider taking the opportunity to dispose of some or all of their H Shares. Such Offer Shareholders should monitor the market price and the trading liquidity of the H Shares closely during the Offer Period; if the proceeds of selling in the market (net of costs) would be higher than the net proceeds receivable under the Offer, the Offer Shareholders should sell their H Shares in the open market instead of accepting the Offer.

The Offer Shareholders who are attracted to the future of the Company may consider retaining some or all of their H Shares. Such Offer Shareholders should be aware that there is a possibility of a suspension in trading in the H Shares following the close of the Offer if the minimum prescribed public float percentage applicable to the Company is not met. The Directors and the directors of Baosteel have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the shares of the Company.

Notwithstanding our recommendation, the Offer Shareholders should consider carefully the terms of the Offer and then decide whether to accept or not to accept the Offer. You are strongly recommended to read the full text of the "Letter from the Independent Financial Adviser" as set out in the Composite Document.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Maanshan Iron & Steel Company Limited



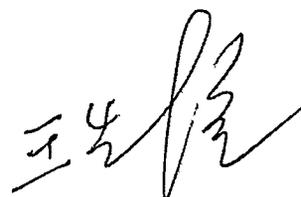
Mr. Ren Tianbao
Non-executive director



Ms. Zhang Chunxia
Independent non-executive director



Ms. Zhu Shaofang
Independent non-executive director



Mr. Wang Xianzhu
Independent non-executive director